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MIDDLE EAST

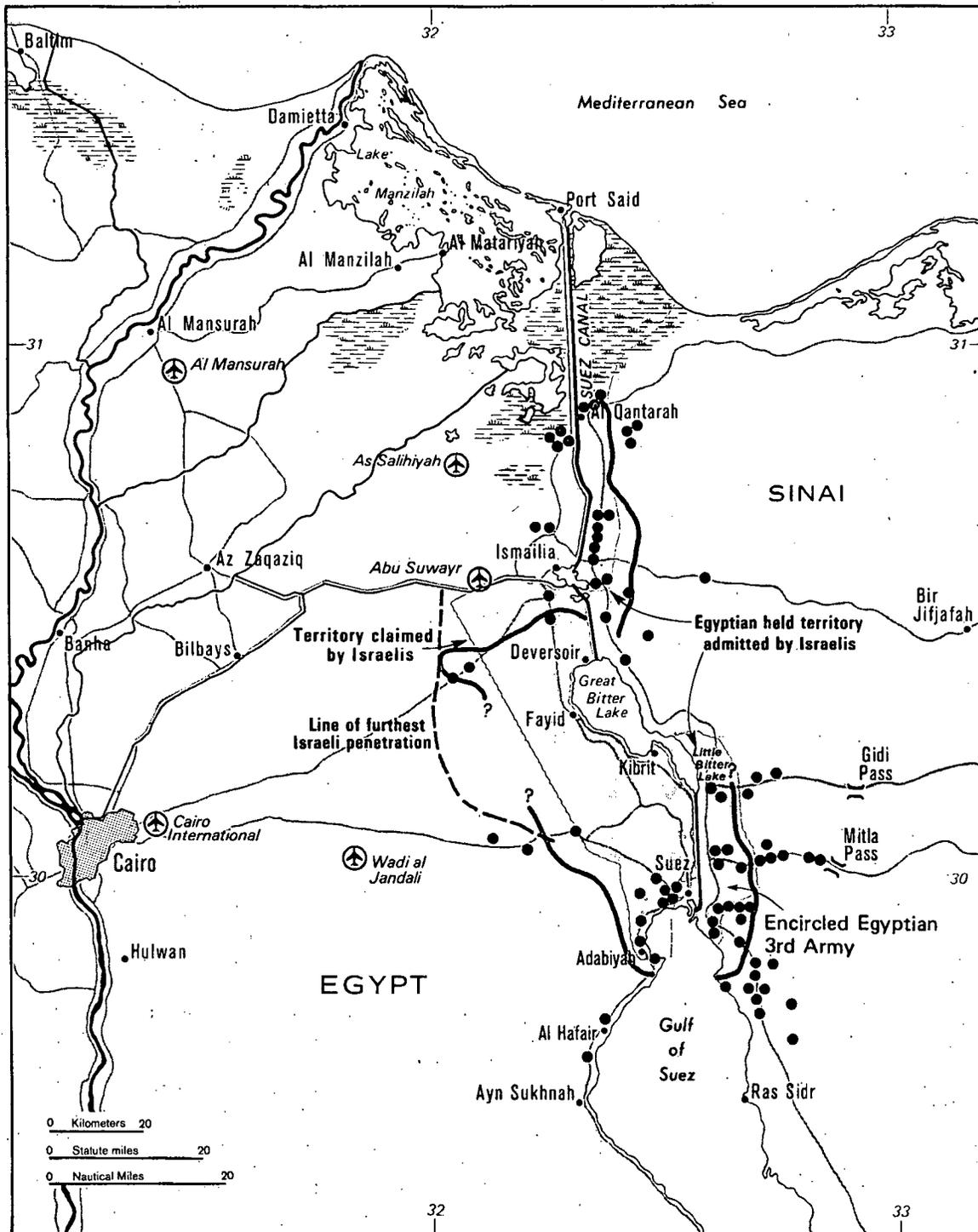
A cease-fire finally became more or less a reality this week all along both the Egyptian and Syrian battle fronts. The truce is a fragile one, especially on the critical southern sector of the Suez Canal, but the quick arrival there of the initial contingents of the new UN peace-keeping force has had something of an inhibiting effect on the opposing forces. With major fighting at least suspended, the adversaries have turned their attention to political and diplomatic skirmishing aimed both at limited immediate objectives and at the prospective peace negotiations called for in the UN cease-fire resolutions. Necessarily, the new political struggle between the old foes is being heavily conditioned by the more active diplomatic involvement of Washington and Moscow.

As the Dust Settles

Although a number of incidents involving shooting occurred along the canal this week, there was no heavy fighting on either front. No territory has changed hands since Israeli forces tightened their grip in the area of Suez city late last week. That action capped the rapid drive south by the Israelis from the bridgehead they had established earlier on the canal's west bank. Tel Aviv's achievement of firm control around Suez completed the isolation, within a relatively narrow strip along the east bank, of Cairo's Third Army. These 20,000 Egyptian troops remain at the mercy of Israel, which controls all their supply routes.

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Battle Lines on the Egyptian Front



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- Estimated battle lines
- Concentrations of Arab forces
- Concentrations of Israeli forces

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Most of the detected violations of the cease-fire apparently were related to efforts by the Egyptians to relieve the Third Army. They reportedly made several attempts to bridge the canal, but were thwarted by the Israelis each time. On 29 October the Israelis evidently shot down two Egyptian helicopters bound for the Third Army.

The neutral presence sanctioned by the UN and approved by the parties grew in importance as a stabilizing factor during the week. At least 15 patrols of the UN observer corps are now functioning along the lines separating the Egyptians and Israelis; nine are on the Egyptian side and six on the Israeli side. In addition, the initial contingents of the UN Emergency Force for the Egyptian front, which was approved by the Security Council last week, began arriving in the area on 26 October. As of Thursday, between 700 and 800 troops of the new international peace-keeping force, all borrowed from the similar UN operation on Cyprus, were in Egypt. One contingent was sent to the central sector of the canal front, and a second was given the ticklish task of standing between Egyptians and Israelis in the middle of Suez city. A third contingent was being held in reserve in Cairo.

About the only confirmed military activity on the Syrian front has been periodic patrol and reconnaissance flights by the Israeli Air Force. These flights have apparently gone unchallenged. The Syrians have complained to the UN observer corps, which has eight teams on the Syrian front, that Israeli forces occupied additional ground on strategic Mount Hermon ridge after both sides accepted the cease-fire last week. Damascus claims the Israelis moved onto the highest peak along the ridge on 26 October and took another hill a couple of miles deeper in Syria on the 30th. Although it appears neither position was occupied by the Syrians at the time, they are claiming the alleged Israeli moves violated the cease-fire.

A major part of the sizable ground force from Iraq that had fought alongside of the Syrians went home this week, reflecting Baghdad's continuing dissatisfaction with the accept-

ance of the cease-fire by its allies. A public announcement of the withdrawal on 29 October, after it was already under way, indicated that the Iraqis intended to bring home all their forces from both Syria and Egypt. The smaller contingents provided by Morocco, Jordan, and Saudi Arabia remain in Syria.

The Conflict Goes On

Although the recent fighting resulted in introducing to the Arab-Israeli conflict both a fluidity that has not existed for many years and an important new factor in the more direct diplomatic involvement of the US and the Soviet Union, it is already clear the path to the promised peace negotiations is studded with obstacles. Virtually from the moment of their agreement to the cease-fire last week, Cairo and Tel Aviv, the major adversaries, have been engaged in intense maneuvering in support of different immediate objectives. Each side regards attainment of its objective as a vital prerequisite to considering anything further, and each is using as leverage its ability to frustrate the other side from achieving its priority goals. After more than a week of political skirmishing, the adversaries seem to be near an impasse, a circumstance that promises at least to delay any negotiations on the basis of the Arab-Israeli controversy. If unresolved for long, the situation could degenerate into a resumption, dangerous for everybody, of full-scale hostilities.

For the Egyptians, the priority objective is to "save" the Third Army—i.e., to end the Israeli stranglehold over the force and restore it, intact and without a humiliating surrender, to Cairo's control. The Egyptians, and probably many other Arabs as well, almost certainly consider this essential to maintaining enough of the military credibility and self-respect they gained from their improved military showing to permit them to move toward substantive negotiations. More immediately, President Sadat probably also regards the fate of the Third Army as critical to the future of his own regime.

Cairo has pursued its objective in two ways. Its initial tactic has been an attempt to enlist international pressure on its behalf. Since 23

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October, this Egyptian effort has been facilitated by the second of the two cease-fire resolutions adopted at the UN, which calls explicitly for a pull-back by the combatants to positions they held the day before. Israel, in fact, continued to extend its area of control on the west bank of the canal until 25 October.

During the past week Cairo has added a second, more direct approach by exploiting Israel's current overriding concern—the return as quickly as possible of several hundred Israeli prisoners of war reckoned to be in Arab hands. This is an urgent and sensitive issue for Prime Minister Meir, and she is under strong pressure to speed the return of all prisoners. The importance of this issue to the Israelis was reflected in its inclusion in a statement of Israel's immediate requirements made by Israeli spokesmen even before the cease-fire.

International efforts to hasten a mutual accommodation of the principals' immediate objectives led to three meetings this week between senior Egyptian and Israeli military representatives. The meetings, held at the military front under UN "auspices," were the first such official direct contacts between the two major Middle East adversaries since 1956. The meetings produced a momentary alleviation of the tensions that have been developing, but led to no basic resolution.

The first meeting, on 28 October, resulted in Israel's reluctant agreement to permit, on a one-time basis, a convoy of 100 trucks, driven by UN personnel, to deliver non-military supplies to Egypt's Third Army. The operation, under way all week, has been deliberately slowed by Israel. By Thursday, some 50 truckloads of such supplies had been delivered, according to Radio Jerusalem.

The other two meetings appear to have been concerned mainly with the POW issue, with the Israelis pushing hard for a resolution satisfactory to them and the Egyptians dragging their feet. On 30 October, Israeli Defense Minister Dayan told the Israeli parliament that the Egyptians had handed over a list of 83 prisoners held by them and that an agreement for an exchange of

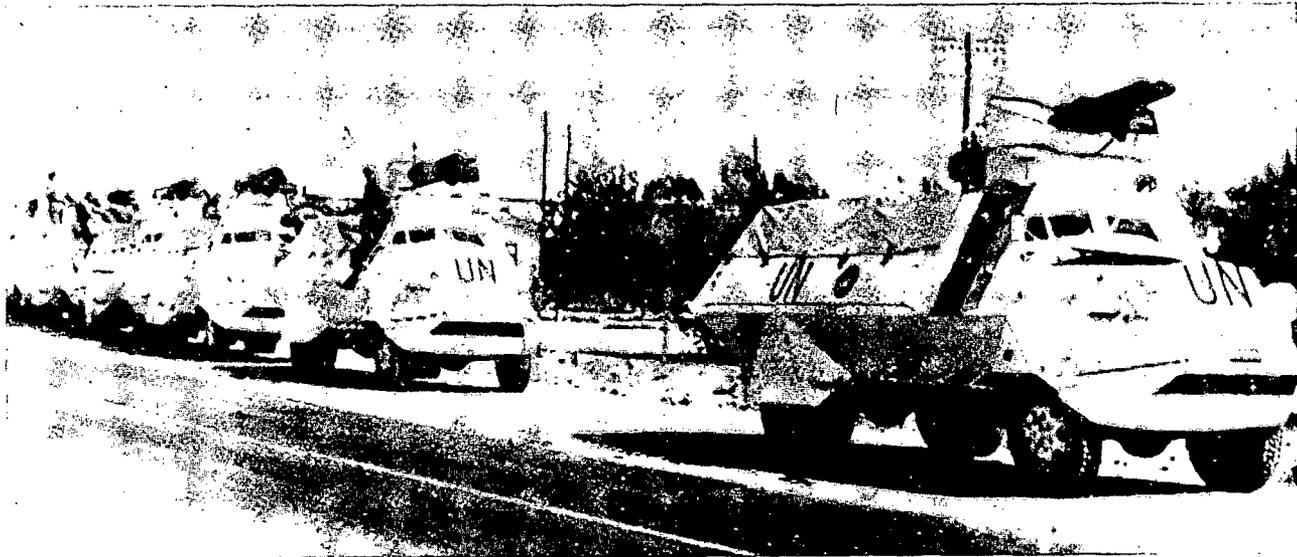
wounded prisoners held by each side had been worked out. Israel, he said, would release 75 wounded Egyptian soldiers and allow the Third Army to evacuate its wounded. Cairo announced subsequently that there will be no actual exchange of any prisoners until Israeli forces return to the cease-fire lines of 22 October. By Thursday, Tel Aviv had responded to this Egyptian tactic by indicating it would restrict "humanitarian" measures for the Third Army until there was some movement on the prisoner issue. Clearly, the Israelis remained determined to control access to the Third Army.

AT THE UN

In New York Secretary-General Waldheim is still trying to assemble a UN force to police the cease-fire. Although nearly 30 states have offered to provide troops, many potential contributors are unacceptable to the major parties. Tel Aviv, for example, objects to any state that does not have relations with Israel, a stipulation that excludes most African states. The tentative understanding that neither NATO nor Warsaw Pact members will contribute to UNEF—despite Soviet insistence that Eastern Europe be represented—disqualified many states which have taken part in earlier peace-keeping operations. In the face of these restrictions, Secretary-General Waldheim has been forced to try to put together a crazy-quilt of small but geographically balanced forces.

Thus far, Waldheim has sustained the momentum by drawing "advance" contingents from the UN forces on Cyprus, and he hopes to have nearly one third of the prescribed 7,000-man force in Egypt by next week. Archbishop Makarios objects to any further reduction of the Cyprus force, so Waldheim must look elsewhere. Nonaligned states are pushing demands for early approval of several of their own numbers and seem prepared to provoke a confrontation over the matter. Such a clash could threaten the build-up of the UN force and raise questions about the Secretary-General's role. Although Waldheim has so far maintained the initiative with a steady stream of proposals, the Soviet Union could at any time make an issue of its long-standing

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Swedish UN contingent troop carriers

demand that the Security Council should control peace-keeping efforts.

The Soviets underlined that policy by making it a condition of their agreement to share in paying for the Middle East force. By going along, the Soviets have greatly reduced one of the recurrent problems of UN peace-keeping operations, but there are other unresolved questions. The Secretary-General's current proposal favors the US position that funding should be treated as a regular budgetary expense, to be portioned among the members according to the usual scale. This arrangement may not, however, be acceptable to a majority, and the matter must come before the full General Assembly. Some members will argue that the US should assume a larger share of the expenses than the 25 percent prescribed by this year's assessment scale. Developing states are also likely to request a reduced scale of assessment. A clash over funding could threaten nonaligned support for Waldheim's plans and open other points of controversy.

THE ISRAELI VIEW

The week's developments hardened the general mood in Israel and brought mounting domes-

tic criticism of the government's actions. The agreement to allow supplies to be brought in to the Third Army, in particular, raised a storm, which was not calmed by official protestations that the agreement had been forced on Israel by the US. These pressures led the government to dig in on the prisoner issue and to harden the line that Tel Aviv took in its contacts with the Egyptians.

One result of the government's preoccupation with the POW issue was to stifle, for the time being at least, any hints of Israeli flexibility regarding possible first-stage adjustments in the territorial status quo. Late last week Israeli spokesmen were proposing, subject to progress on the prisoner issue, a mutual withdrawal by Israeli and Egyptian forces to the positions they held before the war began; Deputy Prime Minister Allon, in a television interview on 27 October, went so far as to suggest that Israel might allow the Egyptians to remain on the east bank if this were necessary for movement toward real negotiations. By early this week, however, all such talk had ceased, and Mrs. Meir's government was passing the word privately that Israel would not agree to anything until Cairo and Moscow are persuaded to make tangible concessions on the prisoners. On 30 October

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Foreign Minister Eban indicated that Israel wanted a total prisoner exchange within a week or so, not only with Egypt but also with Syria. Both have so far been totally unresponsive on the issue. The circulation in Israel this week of stories of alleged atrocities perpetrated on prisoners held by the Syrians has added a new dimension to Israeli concern.

In a further reflection of its stiffer position, Tel Aviv began this week to press for a lifting of the blockade it alleges the Arabs are enforcing against Israeli shipping at the Bab el Mandeb, the straits that control the southern entrance to the Red Sea.

Israel's major diplomatic move this week was to send Mrs. Meir to Washington on Thursday, hard on the heels of Egypt's new Foreign Minister, Ismail Fahmi. In addition to seeking help on her immediate concerns, she will be probing US attitudes regarding peace negotiations. Faced with a parliamentary election on 31 December, Mrs. Meir was clearly looking for something in the way of new US assurances to help justify Israel's halt "on the path to victory."

She was interested in whether the US discerns any real Egyptian willingness to move into direct negotiations with Tel Aviv. The Israelis have long insisted that direct negotiations between the parties directly involved is the only path to real peace.

Tel Aviv sees new uncertainties ahead. While the US talks of establishing a "just and durable peace," the Arabs have achieved their objective of Big Power intervention and, supported by the USSR, argue more forcefully than ever for total Israeli withdrawal. Israel, moreover, is keenly aware that it is now more isolated diplomatically than before, and recognizes that its only real friend, the US, is faced with problems at home and in Europe connected with the Arab oil cutbacks.

Mrs. Meir and other Israeli leaders worry that these factors and others, like the desire to maintain detente with the USSR, will produce an attempt to force concessions on Israel detrimental

to its security. Tel Aviv still bitterly recalls the US announcement in December 1969 that the US could only support "minimal territorial changes" from the pre-war 1967 borders.

The Cost of the War

2 It now appears that the effects of the fighting on the Israeli economy will be more limited than seemed likely earlier. Israeli statements on the cost of the war have varied considerably; the most often quoted figures—\$250 million a day and \$2 billion in the first week of the war—are exaggerated. Israeli officials apparently lumped together the direct and indirect military costs of the war, the economic costs including the value of lost output, and losses of foreign exchange earnings.

6 We estimate that Israel's direct military costs were a minimum of about \$325 million. Israeli officials say it will cost \$2.5-3.0 billion to replace war losses and purchase over the next three years the additional armaments needed to maintain military parity with the Arabs. They would like to double the air force to 1,000 aircraft and raise the tank inventory to 4,000 vehicles. Beyond this, the Israelis plan to increase their domestic military production. They have tentatively set a goal of supplying half their military equipment needs from domestic defense industries, compared with about 30 percent now coming from domestic industries.

3 For the civilian economy, Israeli officials have estimated the costs for lost production at nearly \$300 million for the three weeks of the war. Some production cutbacks were felt immediately, as mobilization and the loss of Arab workers reduced the civilian labor force of 1.2 million by roughly 25 percent. The impact of this reduction was offset in part by the hiring of youths, women and foreign volunteers. Reductions in demand for non-essential goods and services and a drop in civilian construction contributed to the drop in output.

2 Israel was in a sound financial position at the outbreak of hostilities. Its balance-of-payments position was favorable. Foreign exchange reserves

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totaled close to \$1.5 billion in September. Even with the war, Israel should end the year with a surplus in its balance of payments. The deterioration in the trade and services account will be more than compensated by an increase in contributions from abroad. The government expects to raise almost \$2 billion from these sources—\$750 million from a new development bond issue and the rest from world Jewry. Israel also expects to raise about \$600 million at home by issuing bonds and by cutting the development budget.]

6 As for the longer term, it is not at all certain that the economic boom that followed the Six Day war in 1967 will be repeated. That war came at a time when the economy was depressed; in contrast, the Israeli economy in early October 1973 was operating at near capacity and experiencing rapid inflation. If protracted negotiations should preclude a rapid demobilization, output would continue at depressed levels and severe domestic belt-tightening would become necessary.]

THE ARAB PERSPECTIVE

(2,8)
In Egypt, there have been noticeable shifts in mood since the UN cease-fire resolutions. Initial dissatisfaction with President Sadat's decision to stop fighting was soon replaced by pessimism as the real extent of the Israeli incursion and the fate of Egypt's Third Army gradually became known. Israel's agreement to resupply the Third Army—in combination with the visit of Foreign Minister Fahmi to Washington and the impending visit to Cairo of Secretary Kissinger—has given rise this week to a new sense of optimism that the US will bail out the besieged Egyptians by pressuring the Israelis to return to the original cease-fire lines.

The new mood may be short lived. There appears to be considerable sentiment for a move to try to evict the Israelis forcibly. President Sadat told a press conference on 31 October that he is having to restrain his military chiefs from renewing hostilities, and he indicated that he will lift the restraints if he receives no satisfaction from Secretary Kissinger in Cairo next week. Sadat's statement was as much an appeal for US

help as a threat, but renewed Egyptian military action is a possibility if diplomacy does not spring the trap around the Third Army.

Sadat has said that he is ready, when the Israelis do move back, to begin immediate preparations for an international peace conference. In his press conference, he appealed for Israeli understanding of the new "Arab reality." Israel must understand, he said, that the Arabs are ready for a long war, have proved that they can sustain and inflict losses, and are no longer intimidated by the Israelis.

On basic matters, Egypt remains adamant on the full return of its territory, and Sadat shows reluctance to characterize as "direct" the talks he is prepared to undertake with Israel. Nonetheless, he appears to be ready, almost anxious, to get negotiations on a basic settlement started.

Sadat's Syrian allies have reservations about the cease-fire and are clearly less willing than he to move toward peace talks. In a speech on 29 October, President Asad pointedly acknowledged that the cease-fire resolution had come as a complete surprise to him. He said that he accepted it only after receiving assurances from Sadat—and, he claimed, guarantees from the Soviet Union—that Tel Aviv would be forced to withdraw from all the occupied territories. Asad warned he would resume hostilities with Israel if he detected any deception in the implementation of the cease-fire.

Syria, like Egypt, has reaffirmed its refusal to bargain over any of the territory now occupied by Israel. Syrian authorities this week flatly rejected the concept of direct talks with Israel, stating that no UN resolution requires this. Syria thus seems to be in the same intractable position Egypt held for six years. The Syrian stand may complicate Egyptian efforts if and when negotiations actually get under way.

Syria has sustained severe losses in military equipment and economic assets. Direct and indirect costs of the war and its aftermath probably will approach \$1 billion, roughly equivalent to half of Syria's annual output. The oil-rich Arab

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7-8

states will, however, more than cover these losses and help restore normal economic activity.

The Syrian economy sustained large but by no means crippling damage. We estimate direct damage to industrial sites, roads, railroads, bridges, and communication facilities to be about \$225 million. The petroleum storage areas at Homs, Baniyas, Latakia, and Tartus were hard hit, as were the power plants in Damascus and Homs, which account for well over one half of Syria's electric power capacity. Contrary to some earlier reports, the country's only oil refinery at Homs was not destroyed, although it was rendered inoperable by damage to nearby power and storage facilities.

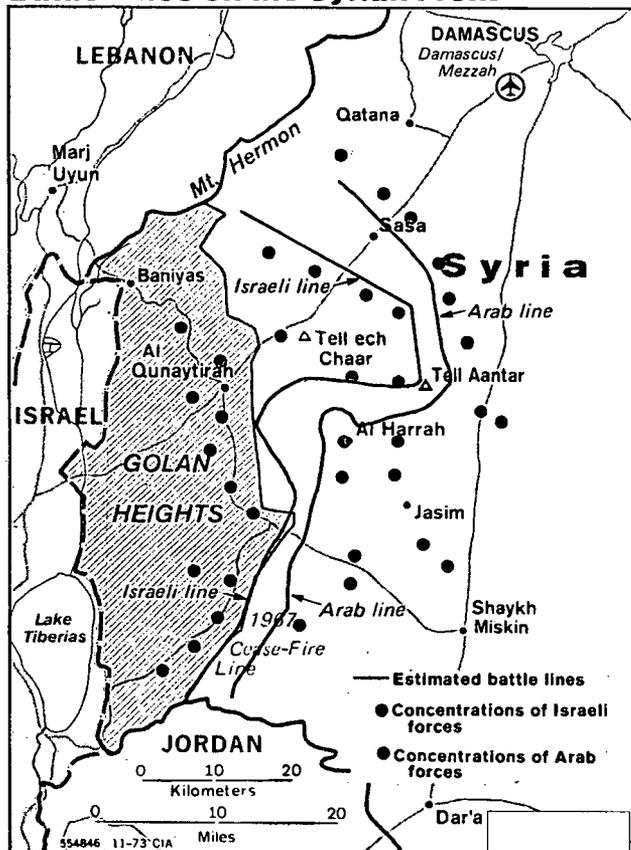
Production losses and curtailed revenues from oil transit fees and exports could reach

\$250 million. Direct losses in aircraft, tanks and naval vessels amounted in export trade prices, to about \$200 million. Additional damage, including that to military installations, will bring total military losses to over \$400 million.

Oil-rich Arab states have reportedly pledged to give Syria as much as \$1.6 billion. Even if the figure is inflated, other Arab states are likely to provide enough aid to cover Syria's economic and military losses. The Arab countries also have been aiding Syria with food, medicines, medical teams, and petroleum.

Economic recovery will be aided by the lack of damage to agriculture, which supplies much of Syria's national output. Syria had either harvested or sown most of its major crops or sown others before the war began. Although the 1973 wheat crop was well below earlier levels, food supplies appeared to be good throughout the hostilities. Disruptions in supply and transportation should gradually be overcome and industrial cutbacks caused by direct damage or power losses probably will be restored by early 1974.

Battle Lines on the Syrian Front



(eA-8C)
 Saudi Arabia's King Faysal shows no sign of softening his support for Egypt and Syria, despite his reported annoyance with Sadat for having failed to consult with the Saudis before accepting the cease-fire. The Saudi oil cut-back and the embargo on direct and indirect shipments of oil to the US remain in force, and Faysal continues to be adamantly opposed to any modification of the embargo until Israel withdraws to its pre-June 1967 boundaries. Faysal has emerged as a major Middle Eastern figure in recent months, especially since he decided to use his country's vast energy resources politically. He evidently intends to maintain a solid front with Sadat and Asad on their basic territorial demands and to have at least a say in any negotiations.

Some major fedayeen leaders are now talking about participating in peace negotiations and are attempting to define a common Palestinian position for such talks. These efforts are designed to ensure a place for them in any future political talks with Israel, as well as to shore up their

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Faysal

influence with Arab governments, greatly weakened when the fedayeen failed to make a significant contribution during the war.

Fedayeen leaders are for the first time openly advocating the creation of an independent Palestinian state outside Israel's pre-June 1967 boundaries. Such a state reportedly would consist of the Jordan River West Bank and the Gaza Strip. Although some of the smaller groups oppose this sort of compromise, they may ultimately be forced to accept the position of the larger fedayeen organizations. [REDACTED]

THE SOVIET ROLE

(NO SOURCES)

As the cease-fire on the Suez Canal has begun to take effect, Moscow has turned its attention toward the political problem.

Soviet party chief Brezhnev, in a speech on 26 October, accused Israel of repeated violations of the cease-fire and announced that Moscow had sent "representatives" to supervise fulfillment of the cease-fire resolution. Some 70 Soviets had arrived in Cairo the previous day. Soviet officials have said they will act as cease-fire "observers," but questions remain about how they can be integrated into the UN observer teams.

Other Soviet officials have been demanding that Israel and the US take "urgent and unconditional" steps to implement the UN resolutions calling for a political settlement. Soviet Deputy Foreign Minister Kuznetsov—an experienced diplomatic trouble-shooter—arrived in Cairo on 30 October and immediately met with President Sadat. His mission may be to induce movement toward negotiations.

In view of Soviet assurances to Egypt and Syria that the end of the fighting would be followed by rapid movement toward a political settlement, Moscow would be under considerable

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pressure should the political dialogue bog down or hostilities resume. Brezhnev may have had this problem in mind when, on 26 October, he suggested that the Kremlin was considering "other possible measures" that the Middle East situation may call for.

Brezhnev, in the same speech, reiterated the Soviet commitment to detente and indicated that, despite the Middle East crisis, Moscow still seeks better relations with the US. His references to the US were, on the whole, positive, and only once did he allude to US backing for Israel.

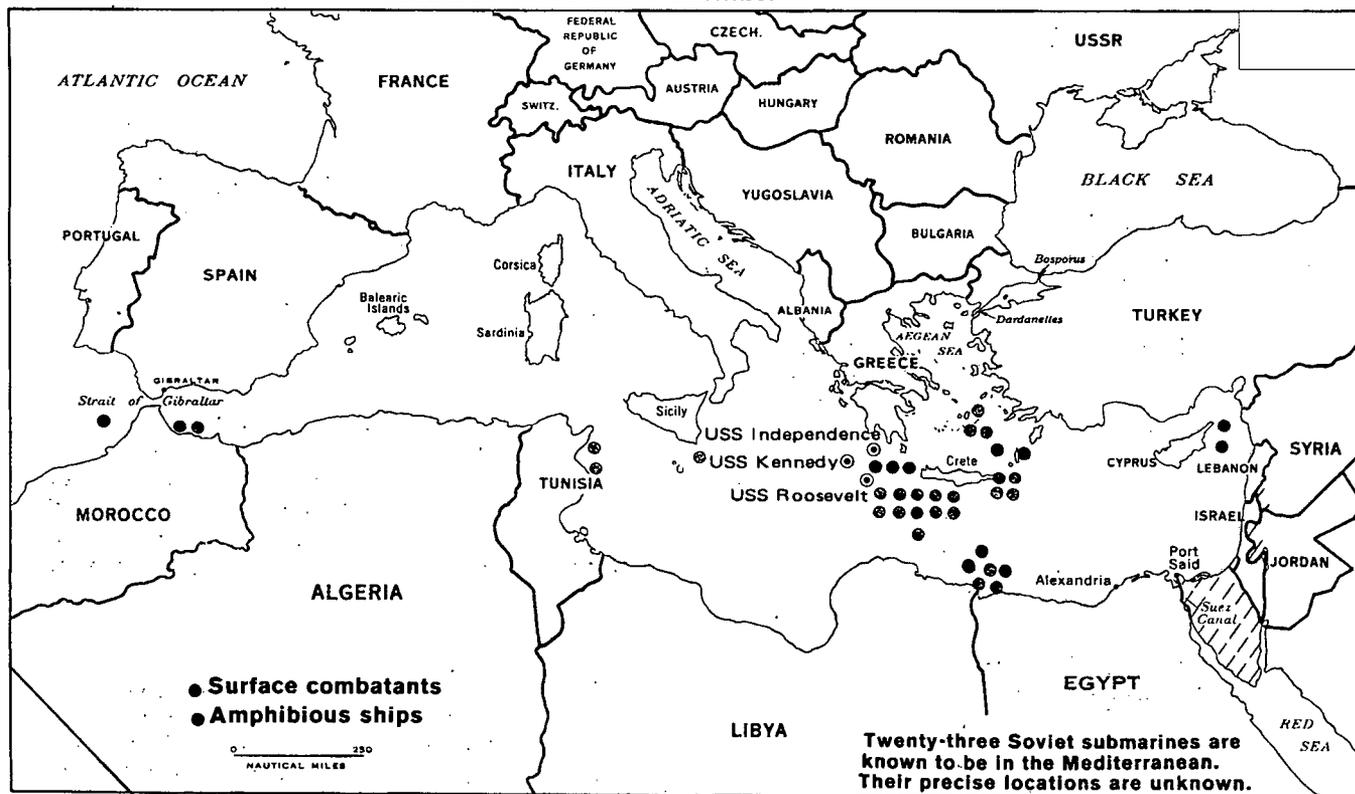
The Soviets have, however, demonstrated their displeasure over last week's alert of US military forces. In his speech, Brezhnev had noted "all sorts of fantastic speculations" regarding

Soviet intentions and blamed "some" NATO countries for disseminating them. A TASS statement immediately following President Nixon's news conference of 26 October indirectly referred to the President's discussion of the alert and branded the increased readiness as an attempt to intimidate the USSR. Soviet diplomats have also showed Soviet annoyance with the administration's public justification for the alert.

Moscow has continued to strengthen its naval forces in the Mediterranean, partly in response to US naval movements. The majority of these ships remain in the eastern Mediterranean near Crete.

During the week, two more Alligator-class (LST) amphibious ships entered the Mediterranean from the Black Sea. Both of the ships had

Soviet Naval Forces in the Mediterranean as of 1 November



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naval infantry on deck, along with some vehicles. The ships could be associated with equipment deliveries to Syria, but the presence of troops suggests that they will probably augment or relieve the Soviet amphibious forces currently in the Eastern Mediterranean. The Soviets also dispatched two Nanuchka-class guided-missile patrol boats to the Mediterranean on 31 October. This is the first time a Nanuchka, which can carry six SS-N-9 anti-ship missiles with an effective range of 150 nautical miles, has been outside Soviet waters. [REDACTED]

WESTERN EUROPE

THE OIL SQUEEZE

(9A-9A)
 Production cutbacks and embargoes on Arab oil are continuing, but the cease-fire has at least improved the supply situation for southern Europe. Saudi Arabia and Kuwait, which account for 60 percent of Arab oil exports, initially cut output by 10 percent; both have since made additional cuts equal to the amount of their direct and indirect exports to the United States. Kuwait has further reduced its production by an amount equal to its normal exports to the Netherlands. As a result, Saudi and Kuwaiti production is about 25 percent less than it was in September.

According to Oil Minister Otaiba, Abu Dhabi needs to maximize its revenues and production. Although it is embargoing shipments to the US and the Netherlands, it is not cutting back output. As long as this policy continues, the oil companies can divert non-Arab oil to the US and replace it with Abu Dhabi oil.

Pipeline terminals in Syria and Lebanon, which normally supply Western Europe with about 2 million barrels per day (b/d)—13 percent of its supply—will soon be back to their usual level. The Lebanon terminals, which handled about 1 million b/d of Iraqi and Saudi crude oil, are expected to resume normal operations this week. The Syrian terminal of Baniyas (about

700,000 b/d), damaged by air attacks, will be closed for four to six weeks and then resume activity at one-half capacity.

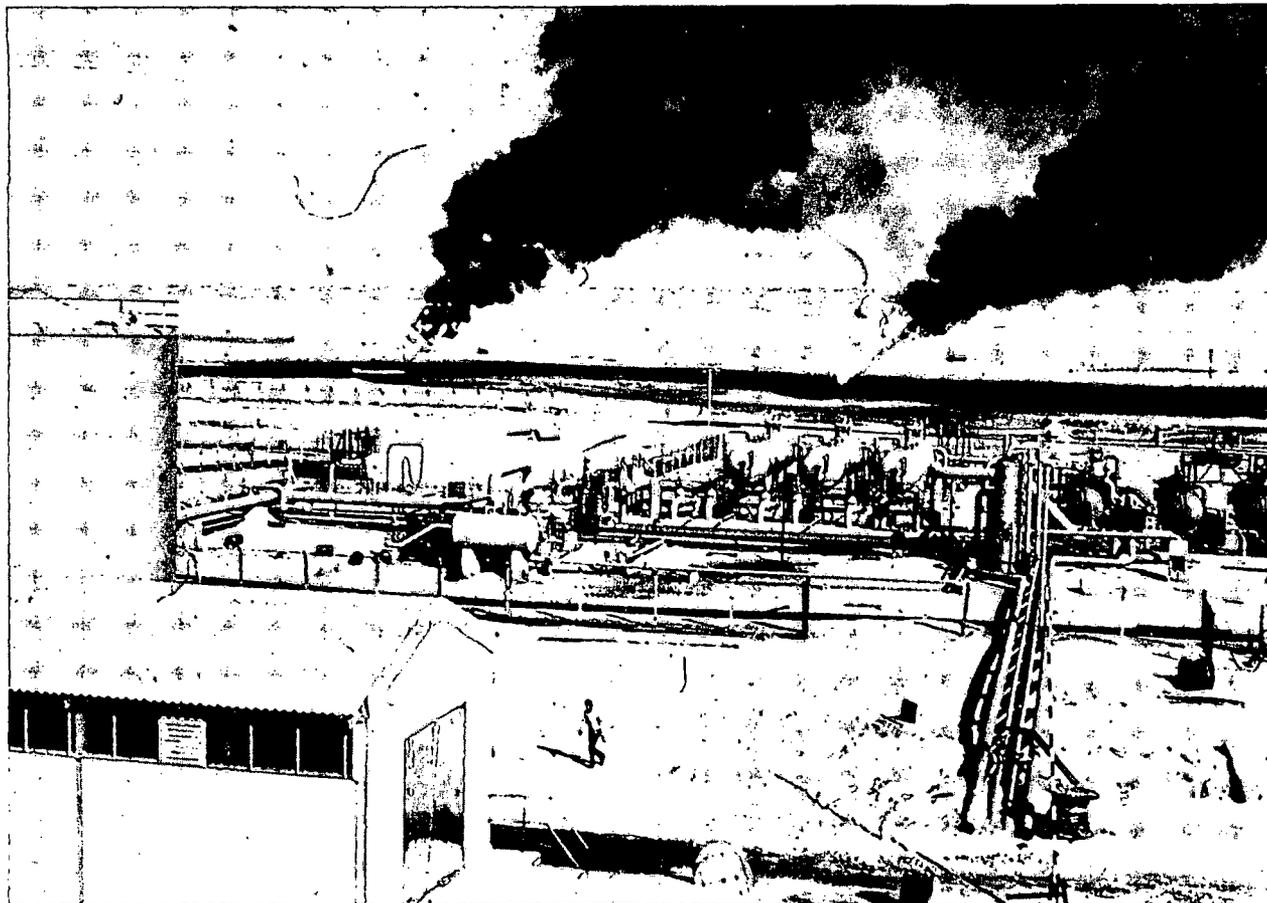
Western oil companies reportedly are taking measures to ease the effects of the Arab actions on the US and the Netherlands. They are switching crude oil sources and passing oil through third countries. The embargo on shipments to the Netherlands is a threat not only to the Dutch economy but also to other West European countries. The embargo will affect nearly 70 percent of the Netherlands's crude oil imports. Only about 20 percent of these imports are consumed in the Netherlands; the rest is re-exported—primarily to West Germany, Belgium, and Scandinavia. West Germany imports about 540,000 b/d of crude oil from the Netherlands—about 18 percent of its total crude oil consumption.

Several major oil companies have notified Japan that its crude oil supplies will be reduced by up to 10 percent. They have also warned European governments to expect reduced allocations. The success of the companies in circumventing the embargoes will depend on how rigidly the Arabs police their restrictions and whether the companies are willing to risk punitive action by the Arab states and possibly by some consuming states.

Concern is mounting in Western Europe over cutbacks in Arab oil shipments, but EC countries remain reluctant to act in concert to meet this threat. Most of them are unwilling to participate in joint action on grounds that this could provoke the Arabs into taking even more drastic steps.

(9-12)
 All of the EC members are being affected in varying degrees, but the Dutch have been the first to feel the full impact of the embargo. Faced with the prospect of a critical oil shortage, the Dutch have taken the position that this is a problem for all EC members and that all should be prepared to assume a fair share of the burden. They may be prepared, if their partners do not respond, to retaliate on other issues facing the EC.

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Libyan oil facility

The Dutch Government on 30 October called on the EC to aid in minimizing the impact on the Netherlands of the embargo and to convince the Arab states that Dutch policy has been even-handed. In addition to instituting certain internal measures to conserve petroleum, the Dutch asked the EC Commission for permission to place restrictions on exports of petroleum products to the other EC members and requested the body to study the possibility of the Nine sharing oil supplies.

Meanwhile, the Arabs have threatened to extend the boycott to West Germany. Libya, a main supplier of oil to West Germany, has warned

that unless Bonn radically alters its Middle East policy it, too, faces an embargo. The pressure was stepped up on 31 October when the Libyan ambassador admonished West Germany not to aid the Netherlands by providing oil from its own reserves. Rome is also vulnerable to Libyan pressure. Italy receives about a quarter of its crude imports from Tripoli.

The British and the French appear determined to avoid any action that might provoke the Arabs into taking harsher actions against them. Prime Minister Heath earlier this week claimed that he had received "firm assurances" from the oil-producing countries that they had no

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intention of creating difficulties for Britain. The French all along have insisted that they have a "special position" with the Arab oil-producing states that assures France an uninterrupted supply of oil.

At the moment, the OECD is the only forum which is capable of providing a mechanism for rationing oil supplies among European countries in a period of emergency. But it was made clear at a meeting of the OECD oil committee last week that there was little support for implementing any formal oil sharing arrangement at this time. The willingness of the US to consider sharing its oil supplies will ultimately be crucial in the establishment of any such measures.⁷

AT ODDS WITH THE US

(13 - 19)
 Events connected with Middle East War have led to sharp criticism of Washington and raised new questions about the state of the NATO alliance. Many West Europeans are frustrated and somewhat bitter about some US actions—especially the sudden imposition of a world-wide alert without, they say, prior consultation. A few, Britain in particular, have expressed understanding of the special problems facing the US and tried to play down differences.

Most West Europeans have not been overly critical of the US diplomatic initiatives per se, but most probably share West German Foreign Minister Scheel's assessment that West European "irritation" is the result of a lack of information concerning US intentions and decisions in connection with the Middle East crisis. Scheel has echoed statements by other European diplomats that agreement must be reached in NATO about how alliance members will deal with their partners when there are conflicts outside the NATO treaty area.

Other West German officials have called for closer consultation by the West Europeans on military and security issues within NATO. The West Europeans point out the US military alert affected troops stationed in Western Europe and

therefore could have had consequences for all NATO members. Criticism by the French that the US and Soviet Union had forced their draft resolutions through the UN Security Council found wide agreement. The West Europeans have been afraid since the signing of the US-Soviet agreement on the prevention of nuclear war that in a time of crisis the US and USSR would deal bilaterally on issues vital to all of Europe.

Officials in several European states are attempting to dampen speculation that last week's events will permanently damage Western Europe's relations with the US. British officials have studiously avoided accentuating differences between the US and UK. West German spokesmen, while admitting that there have been misunderstandings, say that Bonn will try to resolve differences and seek solutions. The Netherlands, the state most affected thus far by the Arab oil embargo, has offered to work closely with the US on the oil crisis. Although there has been much press speculation concerning the effect of a strained US-European relationship on detente, West European representatives at the force reduction talks in Vienna and the European security conference in Geneva have continued to adhere to agreed NATO positions.

Many West European officials, however, are worried that the events of the past few weeks may make the narrowing of existing differences over trade, monetary reform, defense burden-sharing, and security just that much more difficult. The assessment by several French papers that the "Year of Europe" has been dealt a "fatal blow" is probably exaggerated, but French arguments now are finding a more receptive audience. Recent discussions by members of the European Communities of a draft declaration of Atlantic principles indicate that the French—apparently supported by the others—are digging in their heels in opposition to the use of the term "partnership" to describe the US-European relationship. The others also share the French view that the West Europeans must be free to pursue detente on their own terms, not those of the US. □

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